

Message Text

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PAGE 01 CANBER 05524 220842Z

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 3941

UNCLAS CANBERRA 5524

EO 11652: NA.

TAGS: EGEN, ETRD, AS.

SUBJECT: GOA TRADE PRACTICES LEGISLATION.

REF: CANBERRA 5523.

1. REFTEL DESCRIBES PRIMIN'S RECALL OF PARLIAMENT FOR AUGUST 23 SESSION TO CONSIDER SENATE AMENDMENTS TO TRADE PRACTICES BILL. THIS TEL BRIEFLY SUMMARIZES. THE BILL.

2. PROPOSED TRADE PRACTICES BILL 1974 IS DESIGNED TO ENLARGE ON AND REPLACE CURRENT RESTRICTIVE TRADE PRACTICES ACT AND INTRODUCE NEW SECTION PROVIDING CONSUMER PROTECTION FROM UNFAIR PRACTICES. IT WOULD PROHIBIT NUMEROUS TRADE PRACTICES INCLUDING AGREEMENTS IN RESTRAINT OF TRADE, MONOPOLIZATION, EXCLUSIVE DEALERSHIPS, RESALE PRICE MAINTENANCE, PRICE DISCRIMINATION, AND ANTI-COMPETITIVE MERGERS. BILL PROVIDES FOR STIFF FINES OF UP TO \$A250,000 (\$A - \$US1.4875) IN CASE OF CORPORATION AND \$A50,000 INCASE OF NATURAL PERSON FOR ENGAGING IN PROHIBITED PRACTICES. CONSUMER PROTECTION SECTION SETS FORTH ONG LIST OF UNFAIR COMMERCIAL PRACTICES INCLUDING DECEPTIVE PRIZE OFFERINGS, BAIT ADVERTISING, COERCION AT PLACE OF RESIDENCE AND PYRAMID SELLING. PENALTIES FOR

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PAGE 02 CANBER 05524 220842Z

CONTRAVENTIONS OF THESE PROVISIONS ARE FINES UP

TO \$A50,000 FOR CORPORATIONS AND UP TO \$A10,000
AND SIX MONTHS IMPRISONMENT FOR INDIVIDUALS. A
TRADE PRACTICES COMMISSION WITH SEVERAL MEMBERS
WOULD BE CONSTITUTED TO REPLACE PRESENT COMMISSIONER
OF TRADE PRACTICES. COURT ACTION AGAINST VIOLATORS
COULD BE INSTITUTED BY PRIVATE PERSONS, THE ATTORNEY-
GENERAL, OR THE COMMISSION ITSELF.

3. COMMENT: GOVERNMENT APPARENTLY IS PLACING GREAT
STOCK IN ANTI-INFLATIONARY IMPACT -- INCLUDING
SHORT-TERM -- OF ENACTMENT OF PRICE-FIXING AND
RESTRAINT OF COMPETITION PROVISIONS WHICH WOULD TAKE
EFFECT IMMEDIATELY ON BILL'S ENACTMENT. WE QUESTION,
HOWEVER, WHETHER REQUIRED MONITORING AND ENFORCEMENT
MACHINERY CAN IN FACT BE ESTABLISHED AND MADE TO
FUNCTION EFFECTIVELY BEFORE YEAR'S END. NEVERTHELESS,
SIMPLE EXISTENCE OF STRINGTHENED ACT MIGHT TO SOME
EXTENT BE SELF-ENFORCING AS FIRMS, PARTUCULARLY LARGER
PUBLIC-RELATIONS-CONSCIOUS ONES, DECIDED TO DROP
EXISTING PRICE-FIXING AND OTHER PROHIBITED ARRANGEMENTS
RATHER THAN TAKE ON DETERMINED GOVERNMENT IN THIS ARENA.
SOME LIMITED IMMEDIATE EFFECT ON PRICE LEVELS MIGHT THUS
ACTUALLY BE ACHIEVED.
HARROP

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